

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



**CORRECTED
FISCAL NOTE**

HB 19

February 20, 2009

SUMMARY OF BILL: Requires professional athletes and professional entertainers, who earn more than \$50,000 per year, to pay the occupational privilege tax. Creates the Juvenile Court-Related Programs Fund for which such tax revenue is to be deposited. Requires the State Treasurer to allocate such funds to the Administrative Office of the Courts (AOC) to fund programs and activities that benefit juvenile courts.

ESTIMATED FISCAL IMPACT:

On January 27, 2009, we issued a fiscal note for this bill with the following estimated fiscal impact:

Increase State Revenue –
\$1,103,200 / Recurring / Juvenile Court-Related Programs Fund

Increase State Expenditures –
\$83,600 / One-Time / Department of Revenue
\$76,200 / Recurring / Department of Revenue
\$1,103,200 / Recurring / Juvenile Court-Related Programs Fund

Increase Local Revenue – \$1,103,200 / Recurring

On February 19, 2009, we received additional information concerning this bill from the Administrative Office of the Courts (AOC). Based on the new information received from AOC, the fiscal impact for this bill is estimated as follows:

(CORRECTED)

Increase State Revenue –

\$1,103,200 / Recurring / Juvenile Court-Related Programs Fund

Increase State Expenditures –

\$83,600 / One-Time / Department of Revenue

\$76,200 / Recurring / Department of Revenue

\$56,000 / Recurring / AOC

\$1,103,200 / Recurring / Juvenile Court-Related Programs Fund

Increase Local Revenue – \$1,103,200 / Recurring

Assumptions:

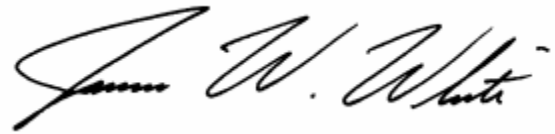
- The occupational privilege tax is currently \$400 per year.
- Athletes and entertainers who compete or perform within the state boundaries, regardless of where they live, are assumed to be liable to pay the occupational privilege tax.
- Athletes who play for the Tennessee Titans (NFL), the Memphis Grizzlies (NBA), or the Nashville Predators (NHL), and the athletes playing for other teams which these Tennessee teams compete are assumed to earn at least \$50,000 per year and would be liable for paying the occupational privilege tax.
- Race drivers who compete within the state for NASCAR, the NASCAR Busch Grand National Division, and the Indy Racing League are assumed to earn at least \$50,000 per year and would be liable for paying the occupational privilege tax.
- Athletes who play for the Nashville Sounds (AAA baseball), the Memphis Redbirds (AAA baseball), or any other unnamed professional team, and the athletes playing for other teams which these Tennessee teams compete are assumed to earn less than \$50,000 per year and would not be liable for paying the occupational privilege tax.
- According to the Department of Revenue (DOR), the number of athletes either visiting the state to compete or who play for Tennessee teams who earn at least \$50,000 per year is estimated to be 1,700 per year.
- According to DOR, approximately 3,300 professional entertainers live and work in Tennessee. However, it is estimated that 10 percent of these (330) earn at least \$50,000 per year.
- According to DOR, there are an additional 5,200 professional entertainers who visit Tennessee each year for performing. However, it is estimated that only 14 percent (728) earn at least \$50,000 per year.
- The total number of individuals that would be required to pay the occupational privilege tax is estimated to average 2,758 (1,700 athletes + 1058 entertainers = 2,758) per year.

HB 19
CORRECTED

- A 100 percent collection rate.
- The increase of occupational privilege tax revenue earmarked to fund programs and activities that benefit juvenile courts is estimated to be \$1,103,200 per year (2,758 individuals x \$400 tax = \$1,103,200).
- One-time state expenditures for computer related expenditures are estimated to be \$83,600.
- Two additional Taxpayer Services Representatives for the Department of Revenue estimated to be \$76,200 per year (\$48,600 salary; \$14,600 benefits; \$13,000 other).
- One additional position in AOC for administering the program estimated to be \$56,000 per year (\$33,500 salary, \$18,500 benefits, \$4,000 other).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director

/rnc